

National Assembly for Wales

Children, Young People and Education Committee

FEI 23

Financial Education and Inclusion (Wales) Bill

Evidence from : Wrexham County Borough Council

Consultation Questions

General

- 1. The Explanatory Memorandum prepared by Bethan Jenkins, AM, describes the Bill's primary policy objective of the Bill as being to equip people in Wales with the financial competency they need to manage their financial circumstances effectively. In doing so, the proposals will help to increase prosperity in Wales by improving the financial education and capability of its citizens.**

The Bill's proposals fall into three broad categories:

- The Bill will improve financial capability amongst school-aged children and young people by making it a legal requirement that financial education is included in the school curriculum (sections 4 to 7 in the Bill).**
- The Bill will strengthen the role of local authorities in helping people avoid falling into financial difficulty, by requiring local authorities to adopt a financial inclusion strategy (sections 8 to 10 in the Bill).**
- The Bill will give local authorities duties in respect of providing advice about financial management, both generally and specifically to looked after children aged 16 or 17, to former looked after children and to students (sections 11 to 13 in the Bill).**

Is there a need for a Bill for these purposes? Please explain your answer.

There is no need to make financial education in schools a legal requirement. Financial education is already being delivered in the current curriculum via numeracy lessons, mathematics and in the future Numeracy GCSE, due to be introduced in 2015. It is also included as good practice by schools within the planned delivery of Personal and Social Education (PSE), work-related education and via cross-curricular links as appropriate. Any additional legal requirement results in less curriculum time for pupils when the priority is to improve numeracy, literacy and closing the gap. As there is no additional funding for schools to deliver this, it would mean transferring existing curriculum resources away from delivery of the curriculum. The focus should be on ensuring that there are enough job opportunities for young people when they leave school.

In relation to the requirement on local authorities to adopt a financial inclusion strategy, legislation to strengthen the role of local authorities is unnecessary in the current climate when LAs are reviewing services to reshape essential services and reduce the demand for general services which are better suited to be delivered by others or by individuals themselves.

Requiring adoption of a specific strategy is unnecessary and transfers resources and focus away from the delivery of essential services. In addition, it imposes an administrative burden on LAs in

preparing and monitoring delivery of the strategy. Financial education to targeted groups is already being identified and delivered where appropriate through services such as the Family Information Service, Welfare Rights, The Info Shop for children and young people in Wrexham, Youth Workers in schools and the Looked After Children Youth Worker.

Requiring individual LAs to 'facilitate free access to online financial education and management services' does not seem to be an effective use of public resources. This could be carried out once, centrally.

As corporate parents for looked after children we need to improve the life chances for looked after children and care leavers.

Looked After Children receive a very generous allowance for clothing and personal items whilst in foster care. They will receive a similar amount that they will need to live on during independence.

Improving life chances for care leavers January 2014 reported that 57% of care leavers surveyed said managing their money and getting into debt was difficult when leaving care. The roll out of Universal Credit will put even greater importance on care leavers' ability to manage their money effectively. It is good practice, rather than legislation, that enables LAs as corporate parents to provide financial education advice to care leavers as part of the strategy to encourage independent living choices.

2. Do you think the Bill, as drafted, delivers the stated objectives as set out in the Explanatory Memorandum? Please explain your answer.

No - There is confusing language in the Explanatory Memorandum and the Bill whereby it states that this will be a legal requirement and mandatory, yet it states 'should but not compelled to follow' within the same sentence (paragraph 18).

3. Are the sections of the Bill as drafted appropriate to bring about the purposes described above? If not, what changes need to be made to the Bill?

4. How will the Bill change what organisations do currently and what impact will such changes have, if any?

The Bill will place a responsibility on the local authority to ensure that LAC and care leavers attain a level of financial education in spite of school / placement moves. This may mean developing a way of assessing the young people's core competencies and utilising current staff within the LAC education team to undertake sessions to 'fill the gaps.' This would not necessarily mean changing roles, just a change of priorities / additional responsibilities within these roles and additional training requirements may arise as a result of this.

Steps would need to be taken to ensure that young people who are on part-time timetables (and therefore, potentially, not attending PSE lessons) and those that receive education in residential settings were also catered for.

Foster carers / supported lodgings providers would also have some responsibility for ensuring that LAC and care leavers receive financial education. Training opportunities would need to be provided to ensure that carers were equipped to transmit sound financial habits to young people in their care.

The Bill will necessitate an audit of financial education providers within Wrexham. The impact of this could be that there will be a better take up of those services and therefore if these services are council funded they will then provide more value for money. Also, it will promote a better working relationship between services and prevent overlap.

5. What are the potential barriers to implementing the provisions of the Bill (if any) and does the Bill take account of them?

The need to engage young people leaving care is imperative. Sound financial understanding will determine the course of life for these young people.

The Bill will necessitate additional training and CPD needs for non-school staff, although this could be accessed through school provision – this is not mentioned in the Explanatory Memorandum although it is acknowledged that LAC “may be more likely than their counterparts to be educated outside of the school setting and therefore at greater risk of missing out of curriculum provision in school.”

External providers often approach Leaving Care offering their services; however there is a lack of providers available for one to one delivery which is much more often needed than group work. The Bill states that “It is envisaged that schools and local authorities will make use of external experts and representatives of the financial sector itself.” This assumes that these services already exist in a format fit for purpose. If young people are to receive financial education from the age of 7 then this may be problematic due to the majority of services available currently work with an older age group. Differentiated work would also need to be sourced for young people of lower ages and lower academic ability.

Another barrier highlighted by Leaving Care is the difficulty in getting young people motivated to engage with these services ‘in advance of them finding themselves in a financial mess.’

6. Do you have any views on the way in which the Bill falls within the legislative competence of the National Assembly for Wales?

Powers to make subordinate legislation

7. What are your views on powers in the Bill for Welsh Ministers to make subordinate legislation (i.e. statutory instruments, including regulations, orders and directions)?

In answering this question, you may wish to consider pages 47-48 of the Explanatory Memorandum.

There is concern that the powers in the Bill will place additional duties on LAs in times of diminishing resources and capacity. There will be an administrative burden on who, how and when the duties, regulations, orders, directions etc... are carried out.

Financial Implications

8. What are your views in the financial implications of the Bill?

In answering this question you may wish to consider Part 2 of the Explanatory Memorandum (the Regulatory Impact Assessment), which estimates the costs and benefits of implementation of the Bill.

As previously mentioned, Wrexham LA already provides financial management advice to specific targeted groups. With limited resources available to LAs it will be a burden on the public purse to require LAs to provide this advice to the general public. The student support service is being transferred from LA responsibility; any financial advice to students should be the responsibility of the newly formed Student Finance Wales Service.

The Bill estimates implementation costs of £1.4m and a further £4.5m costs on an annual basis. In the current financial climate this additional money is not available. The principles of improving Financial Education are better served by raising the awareness through all Wales initiatives and rationalising the current specific grants process to enable LAs to have the flexibility to deliver such education to pupils and the general public through the use of current resources by virtue of existing powers and responsibilities.

Other comments

9. Are there any other comments you wish to make about specific sections of the Bill?